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CANADA

After Russia, Canada is the second most important export market for United States (U.S.) poultry meat. U.S. poultry meat exports to Canada in 2004 reached a record of \$332 million, 15% of total U.S. poultry meat exports to the world. Almost 60% of U.S. chicken exports to Canada in the first six months of 2005 originated from Alabama, Georgia and Florida with Mississippi accounting for only 2.5% and Louisiana for about 5%. Hurricane Katrina, which struck Mississippi affecting 80% of its chicken slaughter plants and parts of Louisiana, did not sharply impact U.S. exports to Canada.

Traditionally, Canada has sourced virtually all of its imported chicken from the United States. The situation changed when Canada approved Brazil's meat inspection system in July, 2002 allowing imports of Brazilian chicken. In 2003 Canada imported a small amount of chicken from Brazil. In 2004, due to tight supplies of chicken because of avian influenza (AI) problems in British Columbia, Canada imported from Brazil 20,000 metric tons of chicken representing 22% of Canadian imports. The Brazilian chicken imports consisted of frozen wings and frozen boneless skinless breasts for the foodservice market in the heavily populated provinces of Quebec and Ontario.

Canadian chicken imports from Brazil have declined 25% in the first six months of 2005 from the same period last year. Meanwhile, imports of cooked chicken from Thailand have risen 78% from January – June, 2005 when compared to the same time frame last year. The Brazilian exports in 2004 occurred even though Canada had issued supplementary import permits to British Columbia processors and purveyors to allow record U.S. import levels of chicken to cover the shortfall. The increased U.S. imports, more than 8,000 MT, consisted mostly of whole chickens. As a result, the increased chicken imports from Brazil appeared to have no direct correlation with the shortages brought on by the AI crisis. The development in 2004 marked the first time U.S. chicken exporters had serious competition for the Canadian import market.

Current U.S. animal health regulations prohibit the import of Brazilian chicken into the U.S., even cooked product. To ensure Brazilian product imported into Canada does not enter the U.S., the Canadian Food Inspection Agency and the Animal and Plant Health Inspection Service deemed that Canadian registered slaughtering or processing establishments are ineligible to export raw poultry meat products to the U.S.

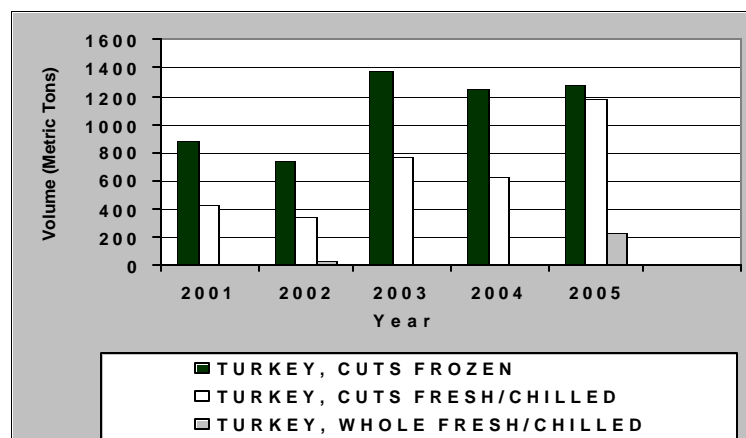
Despite the AI problems in 2004, Canadian chicken production reached 946,125 metric tons (MT), almost 2% above the 2003 level. For January-June, 2005 chicken production is almost 7% above the same time frame in 2004 and is anticipated to be up 5-6% over last year's by year end. In 2006 chicken production is forecast to increase another 1-2%. The AI situation affected turkey production in 2004 resulting in a 3% decline in production. Canadian turkey production for the first 7.50 months of 2005 has risen nearly 10% over the same period a year ago reflecting a higher target set by the Canadian Turkey Marketing Agency. In 2006, turkey production is predicted to show little change from 2005.

For both chicken and turkey, even though administrative arrangements for the establishment of export programs may vary from one province to another, the objective is to facilitate exports in a manner that does not disrupt the domestic market. Quota allocation for export is limited to 8% of a province's domestic allocation. Processors must sign a commitment that an amount equivalent to their export allocation will be exported. If the volume is not all exported, the volume remaining on the domestic market is subject to a \$0.44 per kilogram fine.

Global access to Canada's chicken market is determined by a NAFTA (North America Free Trade Agreement) formula of 7.5% the previous year's Canadian chicken production as published by Statistics Canada. Similarly, access to Canada's turkey market is determined by a NAFTA formula of 3.5% of the targeted turkey production announced by the Canadian Turkey Marketing Agency. For 2005, Canada's chicken tariff rate quota (TRQ) is 72,538 MT with an over access duty of 238%-249%. Turkey's over access tariff ranges 154-165%. However, NAFTA allows a supplementary import system for chicken and turkey that allows additional imports at zero duty when supplies fail to meet market demand.

Canada also allows special imports of chicken at duty free rates for processors who manufacture products for re-export and to processors who manufacture products not subject to a TRQ. Total chicken imports from all sources reached a record 100,000 MT during 2004. Almost one-third of the total was classified under the "import to export program" mentioned above.

**US TURKEY EXPORTS TO CANADA
JANUARY - JULY CUMULATIVE TO DATE QUANTITIES**



**US TURKEY IMPORTS FROM CANADA
JANUARY - JULY CUMULATIVE TO DATE QUANTITIES
(METRIC TONS)**

	2001	2002	2003	2004	2005
TURKEY, CUTS FROZEN	62.9	166.4	423.5	799	1,256.6
TURKEY, WHOLE Fresh/Chilled	3.6	45.7	9.7	11.1	1,064.9
TURKEY, CUTS Fresh/Chilled	1.8	21.2	43.3	41.5	57.4

Sources: USDA/FAS & Various other sources

Inspected Egg Products-U.S. & Canada Export/Import Trade**U.S. Exports to Canada, in Pounds (000) (Preliminary)**

Week Ending September 24, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	251	635	12,760	12,653
Frozen	17	0	130	11
Dried	0	0	490	493
Total	268	635	13,380	13,157

U.S. Imports From Canada, in Pounds (000) (Preliminary)

Week Ending September 24, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Liquid	150	84	5,180	6,777
Frozen	3	3	708	1,326
Dried	0	40	371	1,853
Total	153	127	6,259	9,956

Inspected Shell Eggs**U.S Exports To Canada, In 30-Dozen Cases (Preliminary)**

Week Ending September 24, 2005	Year-To-Date			
TYPE	2005	2004 1/	2005 2/	2004
Jumbo	0	0	162	378
Extra Large	3,130	8,148	164,125	143,934
Large	4,640	10,598	254,148	294,780
Medium	2,313	1,422	82,195	97,873
Ungraded	20,220	8,976	130,264	237,966
Misc	0	0	8,053	16,790
Total	30,303	29,144	638,947	791,721

1/ Comparable Week, to-date figures may not total due to rounding.

2/ Includes revisions to previous week(s).

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section
Source: USDA/AMS Poultry Programs, Market News Branch.**U.S./Canadian Live Poultry Slaughtered Under Inspection**

W/E 24-Sep-05 (PRELIMINARY)

U.S. Fowl Slaughtered Domestically

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,229	1,529	2,758
Last Week	1,331	1,551	2,882
Same week yr ago	1,523	1,316	2,839
To-date/2005	56,022	54,017	110,039
To-date/2004	51,888	50,917	102,805

U.S. Fowl Slaughtered in Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	367	0	367
Last Week	214	0	214
Same week yr ago	256	0	256
To-date/2005	10,122	40	10,162
To-date/2004	9,194	90	9,284

Data Source: Agriculture and Agri-Food Canada, AISD, AID, Poultry Section

Total U.S. Fowl slaughtered in the U.S. and Canada

	Light Hens	Heavy Hens	Total Hens
-----Thousands-----			
Head	1,596	1,529	3,125
Last Week	1,545	1,551	3,096
Same week yr ago	1,779	1,316	3,095
To-date/2005	66,144	54,057	120,201
To-date/2004	61,082	51,007	112,089

Source: USDA/AMS Poultry Programs, Market News Branch

CENTRAL REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE CENTRAL REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Sep 30, 2005

CHICKEN WITH SKIN ADDED

--- PRICES ---		---- VOLUME ----		
FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	-	22.00	40,800	-
WTD AVERAGE		22.00		
15-20%				
RANGE	15.00-20.00	16.00-22.00	968,000	481,600
WTD AVERAGE	17.86	19.40		
20% OR MORE				
RANGE	-	-	-	-
WTD AVERAGE				

* INCLUDES THE STATES of AL, AR, IA, IL, IN, KS, KY, LA, MI, MN, MO, MS, ND, NE, OK, OH, SD, TN, TX, WI

EASTERN REGION MECHANICALLY SEPARATED CHICKEN

F.O.B. SHIPPER DOCK OR EQUIVALENT, PRICES NEGOTIATED FOR MECHANICALLY SEPARATED CHICKEN IN THE EASTERN REGION IN TRUCKLOT AND LESS THAN TRUCKLOT VOLUMES, CENTS PER POUND, DELIVERY WITHIN TWO WEEKS.

Sep 30, 2005

CHICKEN WITH SKIN ADDED

--- PRICES ---		---- VOLUME ----		
FAT	FROZEN	FRESH	TOTAL	EXPORT
CONTENT				
15% OR LESS				
RANGE	20.50	18.00-20.00	544,000	104,000
WTD AVERAGE	20.50	19.64		
15-20%				
RANGE	16.00-21.00	15.00-20.00	1,732,000	1,092,000
WTD AVERAGE	18.67	18.00		
20% OR MORE				
RANGE	-	14.00	80,000	-
WTD AVERAGE		14.00		

* INCLUDES THE STATES of CT, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV

NATIONAL YOUNG TURKEY PARTS AND BULK MEAT, FROZEN (UNLESS SPECIFIED), CENTS PER LB., DELIVERED FIRST RECEIVERS, PART AND FULL TRUCKLOTS AS OF 30 SEPTEMBER 2005

The market tone on white meat was steady to firm with wing meat with skin and scapula held with the least confidence. Demand light to moderate on wing meat with skin and scapula with best interest noted on fresh. Offerings short to light. Demand good on tom breast meat, destrapped tenderloins and breast trim with some noting buyers not as frantic as previous weeks. Offerings short to spotty at best. Trading was active on exports, moderate on fresh tom breast meat for domestic shipments, balance light. Export trading centered on tom 2-joint wings for current shipments as some processors attempt inventory clean-out, fresh tom drums at 45 delivered over the month of October and open priced fresh thigh meat for October shipments. For domestic: hearts 24, tails 29, fresh wing meat with skin 85-96 mostly 85-88, fresh scapula 120, Grade A basted 8-10 lb. breasts 125 and 12-14 lb. 165, Grade A and plant grade non-basted 14-16 lb. breasts 165, fresh breast trim 168, Grade A non-basted 16-18 lb. breasts 175 cents delivered. For export: livers 21 shipping point, frozen boneless thigh trim 41 cents delivered.

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME	WEEKLY	WEEKLY
FRIDAY, SEPTEMBER 30, 2005	RANGE	CODE 1/	PRICE	(000)	PRICE	(000)
DRUMSTICKS, TOMS	41.00		41.00	104	42.74	736
WINGS FULL-CUT - TOMS		W	36.26	316	36.26	316
WINGS, V-TYPE, TOM	41.50		41.50	624	41.50	624
TAILS		T	31.00	60	31.00	60
MECHANICALLY SEPARATED 2/	22.00-23.50		23.07	184	23.65	264
THIGH MEAT - FROZEN		W	92.00	260	92.71	340

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
THURSDAY, SEPTEMBER 29, 2005	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS	41.00-45.00		43.03	632
WINGS FULL-CUT - TOMS		W	36.26	316
WINGS, V-TYPE, TOM		F	40.00	156
TAILS		T	31.00	60
MECHANICALLY SEPARATED 2/		M	25.00	80
THIGH MEAT - FROZEN		W	92.00	260

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
WEDNESDAY, SEPTEMBER 28, 2005	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		R	42.48	820
WINGS FULL-CUT - TOMS	35.50-37.00		36.26	316
WINGS, V-TYPE, TOM		F	40.00	156
TAILS		T	31.00	60
MECHANICALLY SEPARATED 2/		M	25.00	80
THIGH MEAT - FROZEN	92.00		92.00	260

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
TUESDAY, SEPTEMBER 27, 2005	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		R	42.48	820
WINGS FULL-CUT - TOMS				
WINGS, V-TYPE, TOM		F	40.00	156
TAILS	31.00		31.00	60
MECHANICALLY SEPARATED 2/		M	25.00	80
THIGH MEAT - FROZEN	95.00		95.00	80

EXPORT TRADING	PRICE	L.S.T.	WTD AVG	VOLUME
MONDAY, SEPTEMBER 26, 2005	RANGE	CODE 1/	PRICE	(000)
DRUMSTICKS, TOMS		R	42.48	820
WINGS FULL-CUT - TOMS		M	32.00	52
WINGS, V-TYPE, TOM		F	40.00	156
TAILS		M	31.00	20
MECHANICALLY SEPARATED 2/	25.00		25.00	80
THIGH MEAT - FROZEN		F	92.67	120

1/ CODES FOR LAST SIGNIFICANT TRADE (L.S.T.): M=MONDAY T=TUESDAY W=WEDNESDAY R=THURSDAY F=FRIDAY

2/ Product contains 15-20% fat with skin added.